very close, our definition of gross private national saving is similar to that of gross private saving in the U.S. national accounts. A reconciliation of the two concepts is presented in Table 3.

TABLE 2

RECONCILIATION OF PERSONAL DISPOSABLE INCOME AND GROSS PRIVATE NATIONAL INCOME, 1958

| | | |
|---|---|---|
| 1. | Personal disposable income (Table 2.1)[a] | 318.8 |
| 2. | − Surplus of social insurance funds (Table 3.7) | 0.0 |
| 3. | − Government transfer payments to persons other than benefits from social insurance funds (Table 3.9) | 8.1 |
| 4. | + Undistributed corporate profits and inventory valuation adjustment (Table 1.14) | 10.5 |
| 5. | + Capital consumption allowances (Table 1.9) | 38.9 |
| 6. | + Statistical discrepancy (Table 1.9) | 1.6 |
| 7. | + Expenditure (items 3, 4, 5 from Table 1 above) | 41.4 |
| 8. | + Wage accruals less disbursements (Table 1.9) | 0.0 |
| 9. | − Net interest paid by consumers (Table 2.1) | 5.9 |
| 10. | + Personal nontax payments (Tables 3.1, 3.3) | 2.3 |
| 11. | = Gross private national income | 399.5 |

[a]All table references are to *The National Income and Product Accounts of the United States, 1929–65, Statistical Tables, A Supplement to the Survey of Current Business*, August 1966, henceforward *NIP*, 1966.

TABLE 3

RECONCILIATION OF GROSS PRIVATE SAVING AND GROSS PRIVATE NATIONAL SAVING, 1958

| | | |
|---|---|---|
| 1. | Gross private saving (Table 5.1)[a] | 71.7 |
| 2. | + Personal consumption expenditures, durable goods (Table 1.1) | 37.9 |
| 3. | + Surplus, social insurance funds (Table 3.7) | 0.0 |
| 4. | + Statistical discrepancy (Table 1.9) | 1.6 |
| 5. | = Gross private national saving | 111.2 |

[a]All table references are to *The National Income and Product Accounts of the United States. 1929–65, Statistical Tables, A Supplement to the Survey of Current Business*, August 1966, henceforward *NIP*, 1966.

## 2.3. *Labor and Property Compensation* (Current prices)

We divide total gross private national income between labor and capital income. The allocation of gross private domestic factor outlay between labor and capital is described in detail in Christensen and Jorgenson.[6] We have maintained that allocation except for our treatment of entrepreneurial income. We follow Christensen[7] in imputing the average annual wage of all employees in the private domestic economy to all proprietors. Christensen has shown that this imputation is consistent with the view that entrepreneurs receive competitive returns to both their labor and capital services.

[6]Christensen and Jorgenson (1970), Section 2, pp. 20–24.

[7]Christensen (1971).

The component of income originating in general government, government enterprises, and the rest of world sectors consisting of compensation of employees is allocated to labor income. Income originating in the rest of world sector consists of compensation of employees,[8] which we assign to labor income, and corporate profits and net interest, which we assign to property income. The investment income of social insurance funds less transfers to general government and net interest paid by government are included in property income. The corporate profits tax and business property taxes are also allocated to property income.

Finally, we allocate personal income taxes between labor and property income in accord with a method developed by Frane and Klein. They describe their method as follows: "The fraction of taxes in each income bracket allocated to wage income is estimated by the ratio of wage and salary income to "adjusted gross income" in each bracket. Total taxes allocated to wages are the sum of the taxes so allocated in all brackets."[9] This method has been applied by Ando and Brown to U.S. data for 1929 to 1958.[10] We have updated their figures to 1969 in a way that closely approximates this procedure.

TABLE 4

GROSS PRIVATE NATIONAL LABOR AND PROPERTY COMPENSATION, 1958
(CURRENT PRICES)

| | | |
|---|---|---|
| | *Labor Compensation* | |
| 1. | Private domestic outlay for labor services (Table 6.1 plus our imputation for proprietors)[a] | 252.8 |
| 2. | + Income originating in general government (Table 1.13) | 42.1 |
| 3. | + Income originating in government enterprises (Table 1.13) | 4.8 |
| 4. | + Compensation of employees, rest of world (Table 1.13) | 0.0 |
| 5. | − Personal income taxes attributed to labor income (our imputation) | 28.3 |
| 6. | = Private national labor income | 271.5 |
| | *Property Compensation* | |
| 1. | Gross private domestic outlay for capital services (our imputation) | 166.9 |
| 2. | + Corporate profits, rest of world (Table 1.13) | 1.7 |
| 3. | + Net interest, rest of world (Table 1.13) | 0.3 |
| 4. | + Investment income of social insurance funds less transfers to general government (Table 3.7) | 1.2 |
| 5. | + Net interest paid by government (Tables 3.1 and 3.3) | 6.2 |
| 6. | − Corporate profits tax liability (Table 6.14) | 19.0 |
| 7. | − Business property taxes[b] | 17.4 |
| 8. | − Personal income taxes attributed to property income (our imputation) | 9.0 |
| 9. | − Federal estate and gift taxes (Table 3.1) | 1.4 |
| 10. | − State and local death and gift taxes (Table 3.3) | 0.4 |
| 11. | − State and local government motor vehicle licenses, property taxes, and other taxes (Table 3.3) | 1.2 |
| 12. | = Gross private national property income | 128.1 |

[a]All table references are to *The National Income and Product Accounts of the United States, 1929–65, Statistical Tables, A Supplement to the Survey of Current Business*, August 1966.

[b]Christensen and Jorgenson (1970, Table 1, p. 23, line 6 in factor outlay).

[8]*NIP* (1966), Table 1.13.

[9]Frane and Klein (1953), p. 336.

[10]Ando and Brown (1963).

Personal income taxes on income from labor services, as estimated by Ando and Brown, are a remarkably stable proportion of total personal income tax receipts. The 1929–1958 figures show an average proportion of 0.755 with a negligible amount of variation. *Statistics of Income*[11] indicates that the ratio of labor to property income was very stable in the 1951–1958 period and that

TABLE 5

GROSS PRIVATE NATIONAL RECEIPTS AND EXPENDITURES, 1929–1969 (CURRENT PRICES)

| Year | Gross Private National Income | = Labor Compensation | + Property Compensation |
|---|---|---|---|
| 1929 | 102.7 | 65.5 | 37.1 |
| 1930 | 90.1 | 60.8 | 29.3 |
| 1931 | 76.9 | 52.7 | 24.1 |
| 1932 | 56.2 | 42.3 | 13.9 |
| 1933 | 55.3 | 39.9 | 15.3 |
| 1934 | 63.8 | 45.4 | 18.4 |
| 1935 | 69.2 | 49.1 | 20.1 |
| 1936 | 79.0 | 55.2 | 23.8 |
| 1937 | 85.6 | 61.0 | 24.6 |
| 1938 | 80.6 | 57.6 | 23.1 |
| 1939 | 86.8 | 61.1 | 25.8 |
| 1940 | 94.1 | 65.3 | 28.8 |
| 1941 | 112.1 | 79.3 | 32.8 |
| 1942 | 136.7 | 100.7 | 35.9 |
| 1943 | 160.3 | 118.3 | 41.9 |
| 1944 | 178.5 | 130.1 | 48.4 |
| 1945 | 181.8 | 132.0 | 49.8 |
| 1946 | 185.2 | 130.7 | 54.5 |
| 1947 | 204.1 | 142.1 | 62.0 |
| 1948 | 230.0 | 156.9 | 73.1 |
| 1949 | 227.0 | 159.3 | 67.6 |
| 1950 | 254.0 | 174.1 | 79.9 |
| 1951 | 282.9 | 194.6 | 88.3 |
| 1952 | 299.4 | 206.9 | 92.4 |
| 1953 | 317.1 | 221.2 | 96.0 |
| 1954 | 324.3 | 223.6 | 100.7 |
| 1955 | 354.7 | 239.3 | 115.4 |
| 1956 | 370.5 | 256.7 | 113.8 |
| 1957 | 388.6 | 269.2 | 119.5 |
| 1958 | 399.5 | 271.5 | 128.1 |
| 1959 | 431.9 | 292.3 | 139.7 |
| 1960 | 448.5 | 305.8 | 142.7 |
| 1961 | 462.0 | 314.7 | 147.3 |
| 1962 | 496.2 | 333.9 | 162.3 |
| 1963 | 522.8 | 350.0 | 172.3 |
| 1964 | 567.2 | 379.2 | 188.0 |
| 1965 | 609.9 | 404.9 | 205.0 |
| 1966 | 669.4 | 442.2 | 227.2 |
| 1967 | 708.0 | 470.4 | 237.6 |
| 1968 | 756.0 | 511.0 | 245.0 |
| 1969 | 807.8 | 551.8 | 256.0 |

[11] *Statistics of Income: Individual Income Tax Returns*, U.S. Treasury Dept., various years.

TABLE 5—*continued*

| Year | Gross Private National Receipts and Expenditures | Consumption Expenditures | Consumer Outlays | + Gross Private National Savings |
|---|---|---|---|---|
| 1929 | 103.5 | 77.0 | 78.1 | 25.4 |
| 1930 | 91.0 | 71.4 | 72.4 | 18.6 |
| 1931 | 78.8 | 63.5 | 64.4 | 14.3 |
| 1932 | 57.4 | 50.0 | 50.8 | 6.7 |
| 1933 | 56.5 | 49.3 | 50.0 | 6.5 |
| 1934 | 65.1 | 53.9 | 54.6 | 10.5 |
| 1935 | 70.7 | 56.4 | 57.1 | 13.7 |
| 1936 | 81.7 | 62.8 | 63.5 | 18.2 |
| 1937 | 87.2 | 66.5 | 67.2 | 20.0 |
| 1938 | 82.3 | 65.4 | 66.0 | 16.3 |
| 1939 | 88.5 | 67.6 | 68.2 | 20.3 |
| 1940 | 95.7 | 70.6 | 71.3 | 24.4 |
| 1941 | 113.8 | 78.7 | 79.4 | 34.4 |
| 1942 | 138.4 | 87.1 | 87.8 | 50.6 |
| 1943 | 162.0 | 103.0 | 103.9 | 58.1 |
| 1944 | 180.7 | 111.6 | 112.6 | 68.1 |
| 1945 | 185.9 | 123.1 | 124.3 | 61.6 |
| 1946 | 193.4 | 142.8 | 144.1 | 49.4 |
| 1947 | 212.7 | 158.6 | 159.9 | 52.8 |
| 1948 | 238.0 | 171.0 | 172.6 | 65.4 |
| 1949 | 234.7 | 166.6 | 168.1 | 66.6 |
| 1950 | 261.8 | 184.8 | 186.3 | 75.5 |
| 1951 | 289.6 | 200.7 | 202.2 | 87.4 |
| 1952 | 306.0 | 215.3 | 216.9 | 89.0 |
| 1953 | 323.6 | 227.6 | 229.4 | 94.2 |
| 1954 | 331.0 | 235.2 | 237.2 | 93.8 |
| 1955 | 361.9 | 252.8 | 254.8 | 107.1 |
| 1956 | 377.7 | 265.9 | 268.3 | 109.4 |
| 1957 | 396.2 | 278.7 | 281.4 | 114.9 |
| 1958 | 407.7 | 293.6 | 296.5 | 111.2 |
| 1959 | 440.3 | 315.6 | 318.7 | 121.6 |
| 1960 | 456.9 | 331.8 | 334.9 | 122.0 |
| 1961 | 471.0 | 343.0 | 346.4 | 124.6 |
| 1962 | 505.4 | 360.4 | 364.2 | 141.2 |
| 1963 | 532.5 | 380.8 | 385.0 | 147.5 |
| 1964 | 577.4 | 406.5 | 411.3 | 166.1 |
| 1965 | 621.1 | 433.9 | 439.1 | 181.9 |
| 1966 | 681.3 | 470.8 | 476.6 | 204.8 |
| 1967 | 721.8 | 499.0 | 505.7 | 216.1 |
| 1968 | 771.5 | 536.2 | 543.7 | 227.8 |
| 1969 | 825.7 | 583.5 | 591.9 | 233.8 |

pattern has continued to the present. We allocate a proportion of 0.755 of personal income taxes to labor income for all years from 1959 to 1969. Prior to 1959 we use the actual proportions estimated by Ando and Brown to allocate personal income taxes to labor income. The remainder of personal income taxes are attributed to property income.

We allocate federal estate and gift taxes, state and local death and gift taxes, motor vehicle licences, personal property taxes and other taxes to property

income. We present the components of labor and property income for 1958 in Table 4. We present annual estimates of gross private national income, labor income, property income, consumer receipts and expenditures, consumption expenditures, consumer outlays, and gross private national saving in Table 5.

## 3. Consumption Expenditures and Labor and Property Compensation

### 3.1. *Introduction*

In the preceding section we have presented accounts for the income and expenditure of the U.S. private national economy in current prices. In this section we present accounts for consumption expenditures and for labor and property compensation in current prices. Consumption expenditures is a component of gross national product; methods for measurement of consumption expenditures in constant prices are well established. The quantity of labor compensation in constant prices can be interpreted as the quantity of labor services supplied to the U.S. private national economy. Similarly, the quantity of property compensation can be interpreted as the quantity of capital services supplied.

The value of labor and property compensation differs from the corresponding values of labor and property outlay by the value of tax payments on factor incomes. Quantity indexes of labor and property services supplied are weighted by prices that exclude tax payments on factor incomes; quantity indexes of labor and property services demanded are weighted by prices that include tax payments. To reflect these differences in concept we require a detailed allocation of taxes in income from both labor and capital. We allocate taxes on income by legal form of organization and by class of assets.

### 3.2. *Consumption Expenditures*

Our definition of consumption expenditures includes the portions of durable goods and services output assigned to personal consumption expenditures[12] plus our imputations for consumer and institutional durables. The value of these expenditures from the consumer point of view includes retail taxes (customs duties, excise and sales taxes) and excludes subsidies. A detailed allocation of these items to various types of consumption would be desirable; we simply allocate these taxes proportionally to all components of output.

We construct a quantity index of consumption expenditures as a Divisia index of the quantity indexes of nondurables, services,[13] and our estimate of imputed capital services.[14] The price index is then computed as the ratio of consumption expenditures to the quantity index. We deflate consumer outlays by the price index of consumption expenditures. We present price and quantity indexes for consumption expenditures and consumer outlays in Table 6.

### 3.3. *Labor Compensation*

The consuming sector includes residents of the United States and armed forces overseas. Population data are avilable from the *Economic Report of the*

[12] *NIP* (1966), Table 1.4.
[13] *NIP* (1966), Table 1.2.
[14] Christensen and Jorgenson (1969), pp. 306–307.

TABLE 6

PRIVATE NATIONAL CONSUMPTION EXPENDITURES AND CONSUMER OUTLAYS, 1929–1969
(CONSTANT PRICES OF 1958)

| Year | Consumption Expenditures and Consumer Outlays, Price Index | Consumption Expenditures, Quantity Index | Consumer Outlays, Quantity Index |
|---|---|---|---|
| 1929 | 0.546 | 141.0 | 142.9 |
| 1930 | 0.527 | 135.5 | 137.5 |
| 1931 | 0.481 | 132.0 | 133.9 |
| 1932 | 0.411 | 121.5 | 123.4 |
| 1933 | 0.414 | 119.1 | 120.8 |
| 1934 | 0.437 | 123.3 | 124.8 |
| 1935 | 0.447 | 126.3 | 127.7 |
| 1936 | 0.458 | 137.2 | 138.7 |
| 1937 | 0.469 | 141.9 | 143.4 |
| 1938 | 0.457 | 143.0 | 144.4 |
| 1939 | 0.457 | 147.9 | 149.3 |
| 1940 | 0.460 | 153.6 | 155.1 |
| 1941 | 0.487 | 161.5 | 162.9 |
| 1942 | 0.526 | 165.6 | 166.9 |
| 1943 | 0.602 | 171.0 | 172.4 |
| 1944 | 0.630 | 177.1 | 178.5 |
| 1945 | 0.660 | 186.7 | 188.4 |
| 1946 | 0.730 | 195.5 | 197.3 |
| 1947 | 0.804 | 197.2 | 198.9 |
| 1948 | 0.840 | 203.7 | 205.5 |
| 1949 | 0.799 | 208.6 | 210.5 |
| 1950 | 0.845 | 218.7 | 220.5 |
| 1951 | 0.881 | 227.7 | 229.4 |
| 1952 | 0.909 | 236.9 | 238.7 |
| 1953 | 0.926 | 245.7 | 247.7 |
| 1954 | 0.932 | 252.3 | 254.5 |
| 1955 | 0.953 | 265.4 | 267.5 |
| 1956 | 0.957 | 277.8 | 280.2 |
| 1957 | 0.974 | 286.0 | 288.7 |
| 1958 | 1.000 | 293.6 | 296.5 |
| 1959 | 1.031 | 306.0 | 309.0 |
| 1960 | 1.052 | 315.4 | 318.4 |
| 1961 | 1.057 | 324.3 | 327.6 |
| 1962 | 1.071 | 336.4 | 340.0 |
| 1963 | 1.090 | 349.2 | 353.1 |
| 1964 | 1.106 | 367.5 | 371.8 |
| 1965 | 1.121 | 386.9 | 391.5 |
| 1966 | 1.157 | 407.0 | 412.0 |
| 1967 | 1.178 | 423.7 | 429.3 |
| 1968 | 1.214 | 441.9 | 448.0 |
| 1969 | 1.271 | 459.1 | 465.7 |

*President*.[15] We formulate measures of leisure, the quantity of labor services, and total time available. We assume that there is no economic decision involving the time of children thirteen years of age and younger. Our measure of the time available for the total population is the time endowment for the population

[15] *Economic Report of the President* (1972), U.S. Government Printing Office, Washington.

fourteen years of age and older. The time endowment is twenty-four hours per day for the number of days in each year.

Labor services offered are not identified with hours actually worked. Unemployment is a measure of the number of persons willing to offer labor at the current wage rate who do not have a demand for their labor. We include a "normal workday" for the unemployed in working time. All non-working time is considered to be leisure. A case could be made for including even more in working time offered on the grounds that there is an interaction between labor force participation and unemployment rates. As unemployment is reduced, people previously discouraged from entering the labor force by high unemployment are induced to enter.[16] We include in working time offered only the time of the unemployed, assuming that the average workweek is the same as for the employed.

Our data for manhours are from Kendrick.[17] Kendrick provides total manhours for the farm sector, the general government sector, and the total private domestic sector. Hours for proprietors and unpaid family workers are included in his estimates. We provide our own hours estimate only for the rest of world sector. We assume that hours per man employed are equal to hours per man for the private domestic nonfarm economy. We adjust the total time endowment and the quantity of working time offered for quality change as measured by educational attainment. Both work and leisure are composed of quantities of labor services of varying qualities. Quantities of the different categories of labor services offered are combined into a Divisia quantity index of labor offered.

Our concept of labor compensation is net of personal income taxes. The effective tax rate on labor compensation is computed as the ratio of taxes on labor income to labor income including taxes. Price, quantity, and tax indexes for labor compensation are presented in Table 7.

### 3.4. *Property compensation*

The starting point for estimating price and quantity components of property compensation is a set of perpetual inventory estimates of stocks of each type of capital employed in measuring capital input in constant prices in the production account.[18] We assume that the flow of capital services from each type of tangible asset is proportional to the stock. Real property compensation for each asset is equal to the real service flow. Similarly real property compensation from the government and rest of world sectors is proportional to the quantity of net claims on governments and foreigners.

Prices of capital input from the point of view of the producer include both direct and indirect taxes. To obtain prices for capital input from the point of

[16]See Bowen and Finegan (1969) and the references given there.

[17]These data have been compiled for John W. Kendrick's study, *Postwar Productivity Trends in the United States*, for the National Bureau of Economic Research (1972). We are indebted to Kendrick for providing us with these data in advance of publication.

[18]The perpetual inventory method is discussed by Goldsmith (1951) and employed extensively in his *Study of Saving* (1955) and more recent studies of U.S. national wealth (1962, 1963, 1965). This method is used in the Bureau of Economic Analysis *Capital Stock Study*. See footnote 22 below.

TABLE 7

NATIONAL LABOR COMPENSATION, 1929–1969
(CONSTANT PRICES OF 1958)

| Year | Price Index | Quantity Index | Effective Tax Rate |
|---|---|---|---|
| 1929 | 0.278 | 235.8 | 0.001 |
| 1930 | 0.260 | 234.0 | 0.001 |
| 1931 | 0.226 | 233.8 | 0.001 |
| 1932 | 0.185 | 229.0 | 0.001 |
| 1933 | 0.171 | 233.1 | 0.004 |
| 1934 | 0.203 | 224.0 | 0.004 |
| 1935 | 0.212 | 231.6 | 0.005 |
| 1936 | 0.227 | 243.5 | 0.005 |
| 1937 | 0.248 | 246.3 | 0.007 |
| 1938 | 0.237 | 242.7 | 0.009 |
| 1939 | 0.246 | 248.1 | 0.008 |
| 1940 | 0.261 | 250.5 | 0.009 |
| 1941 | 0.304 | 260.8 | 0.011 |
| 1942 | 0.367 | 274.6 | 0.024 |
| 1943 | 0.392 | 301.7 | 0.086 |
| 1944 | 0.424 | 306.8 | 0.086 |
| 1945 | 0.456 | 289.3 | 0.090 |
| 1946 | 0.505 | 259.2 | 0.081 |
| 1947 | 0.553 | 257.1 | 0.092 |
| 1948 | 0.606 | 258.9 | 0.081 |
| 1949 | 0.620 | 256.9 | 0.068 |
| 1950 | 0.670 | 260.0 | 0.065 |
| 1951 | 0.723 | 269.1 | 0.092 |
| 1952 | 0.759 | 272.7 | 0.103 |
| 1953 | 0.811 | 272.7 | 0.101 |
| 1954 | 0.831 | 269.0 | 0.089 |
| 1955 | 0.874 | 273.7 | 0.090 |
| 1956 | 0.928 | 276.7 | 0.094 |
| 1957 | 0.981 | 274.3 | 0.095 |
| 1958 | 1.000 | 271.5 | 0.094 |
| 1959 | 1.059 | 275.9 | 0.095 |
| 1960 | 1.093 | 279.7 | 0.099 |
| 1961 | 1.123 | 280.2 | 0.098 |
| 1962 | 1.180 | 283.0 | 0.101 |
| 1963 | 1.224 | 286.0 | 0.102 |
| 1964 | 1.306 | 290.4 | 0.090 |
| 1965 | 1.360 | 297.7 | 0.094 |
| 1966 | 1.441 | 306.8 | 0.099 |
| 1967 | 1.496 | 314.4 | 0.102 |
| 1968 | 1.591 | 321.2 | 0.111 |
| 1969 | 1.678 | 328.8 | 0.123 |

view of the owner of the asset we exclude all taxes. Excluding both direct and indirect taxes, the price of capital services becomes:

$$q_{K,t} = q_{A,t-1}r_t + q_{A,t}\delta - (q_{A,t} - q_{A,t-1}),$$

where $r_t$ is the after-tax rate of return. The depreciation rate $\delta$ is different from zero only for structures (0.056), equipment (0.138), and consumer durables (0.200) employed in the private domestic sector. For inventories, land, and financial claims on the government and rest of world sectors the capital service

price reduces to the cost of capital $q_{A,t-1}r_t$ less revaluation of assets $q_{A,t} - q_{A,t-1}$. For a financial asset the value of capital services is equal to earnings on the asset, for example, interest payments on a bond.

To construct price and quantity indexes of property compensation for the income and expenditure account our procedure is analogous to the methods we have used for the production account, except for the treatment of taxes. Property compensation before taxes includes the property share of gross private domestic factor outlay, corporate profits and net interest originating in the foreign sector, net interest paid by government, and investment income of social insurance funds net of transfers to general government. We have described effective rates of business property taxation and corporate income taxation in our presentation of the production account.[19] We now compute an effective rate of personal

TABLE 8

GROSS PRIVATE NATIONAL PROPERTY COMPENSATION BY SECTOR OF ORIGIN, 1958

| | | |
|---|---|---|
| | *Corporate Property Compensation* | |
| 1. | Gross private domestic outlay for corporate capital services (our imputation) | 67.9 |
| 2. | − Corporate profits tax liability (Table 6.14)[a] | 19.0 |
| 3. | − Corporate business property taxes (our imputation) | 6.7 |
| 4. | − Personal income taxes attributed to corporate property income (our imputation) | 3.6 |
| 5. | − Wealth taxes attributed to corporate assets (our imputation) | 0.5 |
| 6. | = Corporate property compensation | 38.1 |
| | *Noncorporate Property Compensation* | |
| 1. | Gross private domestic outlay for noncorporate capital services (our imputation) | 33.5 |
| 2. | − Noncorporate business property taxes (our imputation) | 6.1 |
| 3. | − Personal income taxes attributed to noncorporate property income (our imputation) | 3.5 |
| 4. | − Wealth taxes attributed to noncorporate assets (our imputation) | 0.3 |
| 5. | = Noncorporate property compensation | 23.5 |
| | *Household and Institutional Property Compensation* | |
| 1. | Gross private domestic outlay for household and institutional capital services (our imputation) | 65.6 |
| 2. | − Property taxes, owner-occupied dwellings (Table 7.3) | 4.6 |
| 3. | − Personal property taxes, consumer durables (Table 3.3) | 1.2 |
| 4. | − Wealth taxes attributed to household assets (our imputation) | 0.6 |
| 5. | = Household and institutional property compensation | 59.2 |
| | *Compensation from Net Claims on Government and Rest of World* | |
| 1. | Net interest paid by government (Tables 3.1 and 3.3) | 6.2 |
| 2. | + Investment income of social insurance funds less transfers to general government (Table 3.7) | 1.2 |
| 3. | + Corporate profits, rest of world (Table 1.13) | 1.7 |
| 4. | + Net interest, rest of world (Table 1.13) | 0.3 |
| 5. | − Personal income taxes attributed to compensation from net claims (our imputation) | 1.9 |
| 6. | − Wealth taxes attributed to net claims (our imputation) | 0.3 |
| 7. | = Compensation from net claims | 7.2 |

[a] All table references are to *The National Income and Product Accounts of the United States, 1929–65, Statistical Tables, A Supplement to the Survey of Current Business*, August 1966.

[19] Christensen and Jorgenson (1970).

income taxation on property compensation net of business property taxes and the corporate income tax, and an effective rate of estate, death, and gift taxation on wealth.

We allocate federal estate and gift taxes and state and local death and gift taxes proportionally to all the components of private national wealth.[20] Property

TABLE 9

GROSS PRIVATE NATIONAL PROPERTY COMPENSATION BY SECTOR, 1929–1969
(CURRENT PRICES)

| Year | Corporate Sector | Non-corporate Sector | Households and Institutions | Net Claims on Governments and Rest of World |
|---|---|---|---|---|
| 1929 | 14.348 | 7.871 | 13.227 | 1.681 |
| 1930 | 11.598 | 3.570 | 12.558 | 1.547 |
| 1931 | 7.766 | 2.874 | 12.011 | 1.492 |
| 1932 | 4.542 | 0.051 | 8.066 | 1.235 |
| 1933 | 3.895 | 0.643 | 9.566 | 1.213 |
| 1934 | 6.368 | 1.444 | 9.171 | 1.413 |
| 1935 | 7.625 | 2.885 | 8.160 | 1.406 |
| 1936 | 9.085 | 4.009 | 9.481 | 1.258 |
| 1937 | 9.795 | 4.051 | 9.428 | 1.311 |
| 1938 | 8.311 | 3.638 | 9.801 | 1.324 |
| 1939 | 9.559 | 4.713 | 10.124 | 1.370 |
| 1940 | 11.371 | 5.531 | 10.321 | 1.545 |
| 1941 | 12.312 | 8.265 | 10.722 | 1.519 |
| 1942 | 13.971 | 11.281 | 8.965 | 1.715 |
| 1943 | 14.121 | 11.714 | 14.144 | 1.955 |
| 1944 | 15.519 | 15.749 | 14.388 | 2.738 |
| 1945 | 13.486 | 16.907 | 16.042 | 3.342 |
| 1946 | 13.015 | 17.345 | 19.866 | 4.221 |
| 1947 | 17.852 | 16.174 | 23.321 | 4.657 |
| 1948 | 24.368 | 17.914 | 25.660 | 5.113 |
| 1949 | 25.193 | 16.384 | 20.683 | 5.373 |
| 1950 | 24.628 | 18.363 | 31.570 | 5.321 |
| 1951 | 26.396 | 23.611 | 32.645 | 5.643 |
| 1952 | 27.371 | 21.375 | 37.995 | 5.645 |
| 1953 | 27.745 | 19.920 | 42.531 | 5.736 |
| 1954 | 30.020 | 19.682 | 44.606 | 6.345 |
| 1955 | 36.287 | 20.282 | 52.297 | 6.502 |
| 1956 | 35.955 | 17.818 | 53.292 | 6.721 |
| 1957 | 38.024 | 19.690 | 54.421 | 7.295 |
| 1958 | 38.104 | 23.507 | 59.222 | 7.216 |
| 1959 | 43.359 | 20.619 | 67.732 | 7.963 |
| 1960 | 43.034 | 19.276 | 71.965 | 8.369 |
| 1961 | 44.600 | 21.013 | 73.086 | 8.591 |
| 1962 | 51.516 | 23.729 | 77.429 | 9.633 |
| 1963 | 54.333 | 24.033 | 84.222 | 10.202 |
| 1964 | 61.069 | 24.645 | 90.617 | 11.651 |
| 1965 | 69.903 | 27.774 | 95.100 | 12.201 |
| 1966 | 76.634 | 32.594 | 105.157 | 12.755 |
| 1967 | 77.569 | 34.347 | 111.899 | 13.748 |
| 1968 | 79.543 | 32.595 | 117.930 | 14.845 |
| 1969 | 79.261 | 30.532 | 131.679 | 14.457 |

[20] *NIP* (1966), Tables 3.1 and 3.3.

income from assets in the household sector is not subject to personal income taxation; thus we must allocate personal income taxes attributed to property compensation among the corporate, noncorporate, government, and foreign sectors. A detailed allocation of personal income taxes to the various types of property compensation would be desirable; we simply allocate the taxes

TABLE 10

GROSS PRIVATE NATIONAL PROPERTY COMPENSATION, RATES OF RETURN ON CAPITAL, 1929–1969

*a. Nominal rates of return*

| Year | Corporate Sector | Non-Corporate Sector | Households and Institutions | Net Claims on Governments and Rest of World | Private National Economy |
|---|---|---|---|---|---|
| 1929 | 0.076 | 0.056 | 0.029 | 0.078 | 0.053 |
| 1930 | −0.008 | −0.067 | −0.031 | 0.042 | −0.028 |
| 1931 | −0.065 | −0.117 | −0.092 | −0.017 | −0.084 |
| 1932 | −0.091 | −0.141 | −0.151 | 0.036 | −0.113 |
| 1933 | −0.005 | 0.010 | 0.017 | 0.043 | 0.012 |
| 1934 | 0.082 | 0.062 | 0.090 | 0.108 | 0.083 |
| 1935 | 0.062 | 0.049 | 0.002 | 0.032 | 0.034 |
| 1936 | 0.078 | 0.071 | 0.059 | 0.009 | 0.060 |
| 1937 | 0.131 | 0.073 | 0.078 | 0.034 | 0.084 |
| 1938 | 0.029 | −0.005 | 0.032 | −0.001 | 0.017 |
| 1939 | 0.052 | 0.027 | 0.019 | 0.007 | 0.027 |
| 1940 | 0.096 | 0.070 | 0.041 | 0.002 | 0.056 |
| 1941 | 0.154 | 0.159 | 0.092 | 0.088 | 0.123 |
| 1942 | 0.181 | 0.187 | 0.079 | 0.109 | 0.136 |
| 1943 | 0.129 | 0.156 | 0.096 | 0.010 | 0.098 |
| 1944 | 0.124 | 0.172 | 0.103 | −0.025 | 0.087 |
| 1945 | 0.077 | 0.170 | 0.080 | −0.017 | 0.066 |
| 1946 | 0.158 | 0.265 | 0.125 | 0.027 | 0.123 |
| 1947 | 0.243 | 0.253 | 0.186 | 0.008 | 0.154 |
| 1948 | 0.140 | 0.141 | 0.114 | 0.018 | 0.099 |
| 1949 | 0.055 | 0.036 | −0.021 | 0.024 | 0.020 |
| 1950 | 0.096 | 0.152 | 0.074 | 0.042 | 0.087 |
| 1951 | 0.136 | 0.161 | 0.085 | 0.028 | 0.100 |
| 1952 | 0.062 | 0.065 | 0.040 | 0.024 | 0.047 |
| 1953 | 0.048 | 0.048 | 0.027 | 0.034 | 0.038 |
| 1954 | 0.048 | 0.067 | 0.017 | 0.030 | 0.037 |
| 1955 | 0.076 | 0.073 | 0.055 | 0.029 | 0.058 |
| 1956 | 0.103 | 0.092 | 0.071 | 0.034 | 0.076 |
| 1957 | 0.086 | 0.096 | 0.054 | 0.032 | 0.066 |
| 1958 | 0.049 | 0.097 | 0.037 | 0.037 | 0.051 |
| 1959 | 0.065 | 0.064 | 0.064 | 0.041 | 0.060 |
| 1960 | 0.050 | 0.069 | 0.051 | 0.042 | 0.053 |
| 1961 | 0.050 | 0.076 | 0.046 | 0.031 | 0.050 |
| 1962 | 0.068 | 0.082 | 0.056 | 0.040 | 0.061 |
| 1963 | 0.067 | 0.073 | 0.061 | 0.034 | 0.060 |
| 1964 | 0.080 | 0.075 | 0.069 | 0.030 | 0.067 |
| 1965 | 0.094 | 0.092 | 0.050 | 0.039 | 0.072 |
| 1966 | 0.104 | 0.100 | 0.069 | 0.035 | 0.079 |
| 1967 | 0.095 | 0.094 | 0.085 | 0.023 | 0.080 |
| 1968 | 0.089 | 0.092 | 0.088 | 0.034 | 0.081 |
| 1969 | 0.087 | 0.087 | 0.093 | 0.041 | 0.082 |

TABLE 10—*continued*

*b. Own rates of return*

| Year | Corporate sector | Non-Corporate Sector | Households and Institutions | Net claims on Governments and Rest of World | Private National Economy |
|---|---|---|---|---|---|
| 1929 | 0.074 | 0.058 | 0.012 | 0.052 | 0.044 |
| 1930 | 0.050 | 0.016 | 0.008 | 0.047 | 0.025 |
| 1931 | 0.022 | 0.010 | 0.014 | 0.044 | 0.018 |
| 1932 | −0.002 | −0.019 | −0.001 | 0.035 | −0.002 |
| 1933 | −0.004 | −0.012 | 0.019 | 0.033 | 0.007 |
| 1934 | 0.026 | −0.002 | 0.015 | 0.036 | 0.017 |
| 1935 | 0.042 | 0.017 | 0.009 | 0.031 | 0.023 |
| 1936 | 0.060 | 0.031 | 0.020 | 0.027 | 0.034 |
| 1937 | 0.063 | 0.027 | 0.013 | 0.026 | 0.031 |
| 1938 | 0.040 | 0.020 | 0.011 | 0.026 | 0.023 |
| 1939 | 0.056 | 0.033 | 0.015 | 0.025 | 0.032 |
| 1940 | 0.075 | 0.042 | 0.014 | 0.027 | 0.038 |
| 1941 | 0.076 | 0.069 | 0.008 | 0.025 | 0.043 |
| 1942 | 0.074 | 0.089 | −0.020 | 0.024 | 0.037 |
| 1943 | 0.067 | 0.085 | 0.011 | 0.018 | 0.042 |
| 1944 | 0.075 | 0.115 | 0.008 | 0.018 | 0.048 |
| 1945 | 0.057 | 0.119 | 0.016 | 0.016 | 0.045 |
| 1946 | 0.046 | 0.115 | 0.037 | 0.018 | 0.046 |
| 1947 | 0.057 | 0.086 | 0.034 | 0.019 | 0.044 |
| 1948 | 0.070 | 0.079 | 0.025 | 0.021 | 0.045 |
| 1949 | 0.060 | 0.061 | −0.003 | 0.023 | 0.032 |
| 1950 | 0.054 | 0.068 | 0.025 | 0.022 | 0.040 |
| 1951 | 0.049 | 0.081 | 0.010 | 0.024 | 0.037 |
| 1952 | 0.042 | 0.062 | 0.017 | 0.024 | 0.034 |
| 1953 | 0.037 | 0.054 | 0.024 | 0.023 | 0.033 |
| 1954 | 0.040 | 0.051 | 0.024 | 0.025 | 0.033 |
| 1955 | 0.056 | 0.051 | 0.036 | 0.024 | 0.042 |
| 1956 | 0.045 | 0.036 | 0.026 | 0.025 | 0.033 |
| 1957 | 0.040 | 0.039 | 0.019 | 0.027 | 0.030 |
| 1958 | 0.034 | 0.048 | 0.022 | 0.026 | 0.031 |
| 1959 | 0.043 | 0.035 | 0.033 | 0.027 | 0.035 |
| 1960 | 0.039 | 0.029 | 0.034 | 0.028 | 0.033 |
| 1961 | 0.039 | 0.033 | 0.032 | 0.028 | 0.033 |
| 1962 | 0.050 | 0.038 | 0.035 | 0.030 | 0.039 |
| 1963 | 0.051 | 0.036 | 0.039 | 0.031 | 0.040 |
| 1964 | 0.059 | 0.035 | 0.041 | 0.035 | 0.044 |
| 1965 | 0.068 | 0.039 | 0.040 | 0.035 | 0.047 |
| 1966 | 0.070 | 0.046 | 0.045 | 0.036 | 0.050 |
| 1967 | 0.058 | 0.044 | 0.043 | 0.037 | 0.047 |
| 1968 | 0.052 | 0.036 | 0.039 | 0.038 | 0.042 |
| 1969 | 0.042 | 0.027 | 0.042 | 0.036 | 0.038 |

proportionately to all non-household property compensation after corporate and property taxes. The effective rate of personal income taxation on property compensation is computed as the ratio of personal income taxes to non-household property compensation before personal taxation. A detailed breakdown of property compensation by sector for 1958, including the allocation of taxes, is presented in Table 8; property compensation by sector annually is presented in Table 9.

The after tax return to capital in each sector includes property compensation, net of all taxes; it also includes capital gains and excludes economic depreciation. Our estimates of capital gains and economic depreciation for corporate and noncorporate tangible assets are discussed in detail in Christensen and Jorgenson.[21] Depreciation is zero for the financial assets, which constitute net

TABLE 11

GROSS PRIVATE NATIONAL PROPERTY COMPENSATION, 1929–1969
(CONSTANT PRICES OF 1958)

| Year | Corporate, Price Index | Corporate, Quantity Index | Non-Corporate, Price Index | Non-Corporate, Quantity Index | Households and Institutions, Price Index |
|---|---|---|---|---|---|
| 1929 | 0.056 | 257.9 | 0.039 | 200.9 | 0.048 |
| 1930 | 0.044 | 264.0 | 0.017 | 212.2 | 0.045 |
| 1931 | 0.029 | 263.4 | 0.013 | 216.0 | 0.044 |
| 1932 | 0.018 | 255.5 | 0.000 | 214.9 | 0.031 |
| 1933 | 0.016 | 237.2 | 0.003 | 208.6 | 0.039 |
| 1934 | 0.029 | 221.5 | 0.007 | 202.6 | 0.039 |
| 1935 | 0.036 | 213.8 | 0.015 | 197.6 | 0.036 |
| 1936 | 0.043 | 209.5 | 0.020 | 197.5 | 0.042 |
| 1937 | 0.046 | 211.6 | 0.020 | 201.8 | 0.041 |
| 1938 | 0.038 | 216.9 | 0.017 | 211.4 | 0.041 |
| 1939 | 0.045 | 212.8 | 0.022 | 211.3 | 0.043 |
| 1940 | 0.053 | 212.8 | 0.026 | 213.4 | 0.043 |
| 1941 | 0.056 | 219.2 | 0.038 | 216.7 | 0.043 |
| 1942 | 0.060 | 230.9 | 0.051 | 221.9 | 0.034 |
| 1943 | 0.061 | 229.7 | 0.053 | 219.5 | 0.055 |
| 1944 | 0.069 | 225.0 | 0.073 | 215.3 | 0.059 |
| 1945 | 0.061 | 222.2 | 0.079 | 214.2 | 0.069 |
| 1946 | 0.057 | 227.0 | 0.081 | 214.8 | 0.088 |
| 1947 | 0.073 | 245.2 | 0.073 | 220.6 | 0.093 |
| 1948 | 0.092 | 266.1 | 0.079 | 227.3 | 0.092 |
| 1949 | 0.089 | 282.8 | 0.069 | 238.6 | 0.067 |
| 1950 | 0.085 | 290.6 | 0.074 | 248.0 | 0.094 |
| 1951 | 0.086 | 306.0 | 0.090 | 261.4 | 0.086 |
| 1952 | 0.084 | 326.0 | 0.079 | 270.6 | 0.094 |
| 1953 | 0.082 | 339.8 | 0.072 | 276.1 | 0.100 |
| 1954 | 0.085 | 353.3 | 0.070 | 281.4 | 0.099 |
| 1955 | 0.100 | 363.1 | 0.071 | 286.2 | 0.110 |
| 1956 | 0.095 | 380.4 | 0.061 | 293.6 | 0.104 |
| 1957 | 0.095 | 401.0 | 0.066 | 297.9 | 0.101 |
| 1958 | 0.091 | 418.1 | 0.078 | 302.0 | 0.105 |
| 1959 | 0.102 | 424.7 | 0.068 | 305.0 | 0.118 |
| 1960 | 0.098 | 438.1 | 0.062 | 310.3 | 0.120 |
| 1961 | 0.098 | 454.3 | 0.067 | 315.7 | 0.117 |
| 1962 | 0.111 | 465.2 | 0.074 | 319.9 | 0.121 |
| 1963 | 0.113 | 482.2 | 0.073 | 328.1 | 0.128 |
| 1964 | 0.122 | 500.6 | 0.073 | 337.4 | 0.130 |
| 1965 | 0.133 | 525.0 | 0.080 | 347.8 | 0.129 |
| 1966 | 0.138 | 556.8 | 0.090 | 361.5 | 0.134 |
| 1967 | 0.129 | 599.7 | 0.092 | 374.3 | 0.134 |
| 1968 | 0.125 | 634.3 | 0.084 | 386.3 | 0.135 |
| 1969 | 0.119 | 667.8 | 0.076 | 400.9 | 0.143 |

[21]Christensen and Jorgenson (1969).

TABLE 11—*continued*

| Year | Households and Institutions, Quantity Index | Government and Rest of World, Price Index | Government and Rest of World, Quantity Index | Private National, Price Index | Private National, Quantity Index |
|---|---|---|---|---|---|
| 1929 | 273.9 | 0.048 | 35.1 | 0.045 | 834.0 |
| 1930 | 278.2 | 0.044 | 35.0 | 0.034 | 854.7 |
| 1931 | 272.8 | 0.041 | 36.3 | 0.028 | 849.8 |
| 1932 | 263.0 | 0.031 | 40.0 | 0.017 | 830.7 |
| 1933 | 246.3 | 0.029 | 42.3 | 0.020 | 784.7 |
| 1934 | 232.5 | 0.032 | 44.2 | 0.025 | 745.3 |
| 1935 | 224.4 | 0.030 | 47.3 | 0.028 | 725.8 |
| 1936 | 223.6 | 0.025 | 49.5 | 0.033 | 721.3 |
| 1937 | 230.6 | 0.025 | 53.2 | 0.033 | 738.2 |
| 1938 | 237.5 | 0.024 | 54.6 | 0.030 | 760.9 |
| 1939 | 235.5 | 0.023 | 59.0 | 0.034 | 756.2 |
| 1940 | 240.5 | 0.024 | 63.8 | 0.038 | 766.8 |
| 1941 | 250.2 | 0.022 | 67.8 | 0.041 | 791.3 |
| 1942 | 263.4 | 0.023 | 75.1 | 0.043 | 828.7 |
| 1943 | 255.3 | 0.018 | 108.4 | 0.050 | 831.1 |
| 1944 | 243.9 | 0.018 | 153.7 | 0.059 | 823.6 |
| 1945 | 232.4 | 0.016 | 209.8 | 0.061 | 822.7 |
| 1946 | 225.4 | 0.017 | 255.8 | 0.066 | 831.1 |
| 1947 | 249.7 | 0.018 | 259.0 | 0.070 | 888.5 |
| 1948 | 279.5 | 0.020 | 257.2 | 0.075 | 956.5 |
| 1949 | 307.9 | 0.021 | 253.7 | 0.066 | 1019.7 |
| 1950 | 337.0 | 0.020 | 260.5 | 0.074 | 1074.0 |
| 1951 | 379.7 | 0.022 | 250.9 | 0.077 | 1154.3 |
| 1952 | 404.9 | 0.023 | 249.2 | 0.076 | 1216.0 |
| 1953 | 423.7 | 0.022 | 257.3 | 0.076 | 1262.9 |
| 1954 | 450.2 | 0.024 | 265.9 | 0.076 | 1320.0 |
| 1955 | 474.3 | 0.024 | 275.5 | 0.084 | 1369.8 |
| 1956 | 513.2 | 0.024 | 275.5 | 0.079 | 1447.5 |
| 1957 | 539.5 | 0.026 | 276.0 | 0.079 | 1510.0 |
| 1958 | 562.0 | 0.026 | 282.3 | 0.082 | 1564.2 |
| 1959 | 574.0 | 0.027 | 294.7 | 0.088 | 1594.1 |
| 1960 | 599.3 | 0.028 | 296.6 | 0.087 | 1648.7 |
| 1961 | 622.3 | 0.029 | 298.4 | 0.086 | 1703.1 |
| 1962 | 639.4 | 0.031 | 307.0 | 0.093 | 1744.9 |
| 1963 | 666.5 | 0.032 | 315.3 | 0.095 | 1809.8 |
| 1964 | 699.5 | 0.036 | 321.4 | 0.100 | 1884.3 |
| 1965 | 737.9 | 0.037 | 333.8 | 0.104 | 1975.9 |
| 1966 | 785.4 | 0.037 | 340.9 | 0.109 | 2088.5 |
| 1967 | 832.8 | 0.039 | 353.0 | 0.107 | 2215.5 |
| 1968 | 872.6 | 0.039 | 378.6 | 0.105 | 2326.9 |
| 1969 | 923.3 | 0.037 | 395.4 | 0.104 | 2450.2 |

claims on governments and foreigners. Capital gains on net claims on foreigners are computed as the yearly increase in net claims less net private foreign investment. Capital gains on net claims on governments are computed as the yearly increase in net claims on governments less the current government deficit. These items are discussed in greater detail below.

The after tax rate of return in each sector is computed by dividing the after tax return to capital by the value of assets. These rates of return are nominal

or money rates. We also compute the real or own rates of return by excluding capital gains from the return to capital. Nominal and own rates of return for each sector and for the private national economy are presented in Table 10.

We have determined the after tax rates of return and we can now estimate the price of capital services for each asset from the formula above as a function of the rate of return, the depreciation rate, and the current and lagged acquisition price. The after tax property compensation of each asset in each sector is the product of the capital service price and the quantity of capital. Real property income for each sector and the private national economy is obtained as a Divisia quantity index of real property income from each asset. The price indexes for property income are computed as the ratios of property income to the quantity indexes. The price and quantity indexes for property income for each sector are presented in Table 11.

## 4. Accumulation and Revaluation

### 4.1. *Introduction*

The fundamental accounting identity for the accumulation account is that gross private national saving, taken from the income and expenditure account, is equal to gross private national capital formation. Gross private national saving may be expressed as the sum of depreciation and net private national

TABLE 12

Gross Private National Capital Formation, Saving, and Revaluation, 1958
(Current Prices)

| | | |
|---|---|---|
| | *Saving* | |
| 1. | Personal saving (Table 2.1)[a] | 22.3 |
| 2. | + Undistributed corporate profits (Table 5.1) | 10.8 |
| 3. | + Corporate inventory valuation adjustment (Table 5.1) | −0.3 |
| 4. | + Corporate capital consumption allowances (Table 5.1) | 22.0 |
| 5. | + Noncorporate capital consumption allowances (Table 5.1) | 16.9 |
| 6. | + Wage accruals less disbursements (Table 5.1) | 0.0 |
| 7. | + Personal consumption expenditures, durable goods (Table 1.1) | 37.9 |
| 8. | + Surplus, social insurance funds (Table 3.7) | 0.0 |
| 9. | + Statistical discrepancy (Table 1.9) | 1.6 |
| 10. | = Gross private national saving | 111.2 |
| 11. | − Depreciation (our imputation) | 80.8 |
| 12. | = Net private national saving | 30.4 |
| 13. | + Revaluation (our imputation) | 31.6 |
| 14. | = Change in private national wealth | 62.1 |
| | *Capital Formation* | |
| 1. | Gross private domestic investment (Table 1.2) | 60.9 |
| 2. | + Personal consumption expenditures, durable goods (Table 1.1) | 37.9 |
| 3. | + Deficit of federal government (Table 3.1) | 10.2 |
| 4. | + Deficit of state and local governments (Table 3.3) | 2.3 |
| 5. | − Deficit, federal social insurance funds (Table 3.7) | −1.6 |
| 6. | − Deficit, state and local social insurance funds (Table 3.7) | 1.7 |
| 7. | + Net foreign investment (Table 5.1) | −0.2 |
| 8. | = Gross private national capital formation | 111.2 |

[a]All table references are to *The National Income and Product Accounts of the United States, 1929–65, Statistical Tables, A Supplement to the Survey of Current Business*, August 1966.

saving. Net private national saving is equal to the change in wealth from period to period less revaluation of assets. Gross private national capital formation can be expressed as the sum of replacement and net private national capital formation. We present data in constant prices for saving and capital formation, both gross and net, and for depreciation, replacement, and revaluation.

TABLE 13

GROSS PRIVATE NATIONAL CAPITAL FORMATION, SAVING, AND REVALUATION, 1929–1969 (CURRENT PRICES)

| Year | Gross Private National Saving and Capital Formation | Replacement and Depreciation | Net Private National Saving and Capital Formation | Revaluation | Change in Wealth |
|---|---|---|---|---|---|
| 1929 | 25.4 | 19.2 | 6.2 | 3.5 | 9.7 |
| 1930 | 18.6 | 19.0 | −0.4 | −22.0 | −22.4 |
| 1931 | 14.3 | 17.2 | −2.8 | −39.9 | −42.7 |
| 1932 | 6.7 | 14.7 | −8.0 | −38.7 | −46.7 |
| 1933 | 6.5 | 13.3 | −6.7 | 1.7 | −5.0 |
| 1934 | 10.5 | 13.5 | −2.9 | 19.8 | 18.9 |
| 1935 | 13.7 | 12.9 | 0.7 | 3.4 | 4.2 |
| 1936 | 18.2 | 12.9 | 5.3 | 8.0 | 13.3 |
| 1937 | 20.0 | 14.1 | 5.9 | 17.4 | 23.2 |
| 1938 | 16.3 | 14.8 | 1.4 | −2.1 | −0.7 |
| 1939 | 20.3 | 14.5 | 5.8 | −1.5 | 4.3 |
| 1940 | 24.4 | 15.0 | 9.4 | 6.2 | 15.7 |
| 1941 | 34.4 | 16.8 | 17.6 | 30.2 | 47.8 |
| 1942 | 50.6 | 20.3 | 30.3 | 41.7 | 72.0 |
| 1943 | 58.1 | 20.9 | 37.2 | 27.6 | 64.7 |
| 1944 | 68.1 | 21.7 | 46.5 | 21.8 | 68.3 |
| 1945 | 61.6 | 21.7 | 39.9 | 13.1 | 53.0 |
| 1946 | 49.4 | 22.9 | 26.4 | 52.3 | 78.8 |
| 1947 | 52.8 | 28.4 | 24.4 | 83.4 | 107.8 |
| 1948 | 65.4 | 33.9 | 31.5 | 46.7 | 78.2 |
| 1949 | 66.6 | 37.9 | 28.8 | −11.1 | 17.6 |
| 1950 | 75.5 | 41.8 | 33.7 | 45.4 | 79.0 |
| 1951 | 87.4 | 49.6 | 37.8 | 65.2 | 103.0 |
| 1952 | 89.0 | 53.8 | 35.2 | 15.7 | 50.9 |
| 1953 | 94.2 | 56.5 | 37.7 | 5.6 | 43.3 |
| 1954 | 93.8 | 59.2 | 34.6 | 4.9 | 39.5 |
| 1955 | 107.1 | 62.3 | 44.8 | 21.6 | 66.4 |
| 1956 | 109.4 | 69.8 | 39.6 | 58.2 | 97.8 |
| 1957 | 114.9 | 76.5 | 38.4 | 52.5 | 90.9 |
| 1958 | 111.2 | 80.8 | 30.4 | 31.6 | 62.1 |
| 1959 | 121.6 | 83.7 | 37.9 | 39.7 | 77.6 |
| 1960 | 122.0 | 86.7 | 35.3 | 32.4 | 67.7 |
| 1961 | 124.6 | 89.7 | 34.9 | 29.2 | 54.1 |
| 1962 | 141.2 | 92.4 | 48.8 | 41.0 | 89.8 |
| 1963 | 147.5 | 96.3 | 51.2 | 37.6 | 88.8 |
| 1964 | 166.1 | 101.5 | 64.6 | 45.6 | 110.3 |
| 1965 | 181.9 | 107.5 | 74.5 | 52.4 | 126.9 |
| 1966 | 204.8 | 115.7 | 89.0 | 64.4 | 153.4 |
| 1967 | 216.1 | 127.2 | 88.9 | 79.1 | 168.1 |
| 1968 | 227.8 | 138.5 | 89.3 | 98.8 | 188.1 |
| 1969 | 233.8 | 152.0 | 81.8 | 120.8 | 202.6 |

Gross private national capital formation is equal to gross private domestic investment, as defined in the U.S. national accounts, plus personal consumption expenditures on durable goods, plus the current deficits of the federal and state and local social insurance funds, plus the current surpluses of federal and state and local social insurance funds, plus net foreign investment. The components of gross private national saving and gross private national capital formation

TABLE 14

CHANGE IN PRIVATE NATIONAL WEALTH, 1929–1969 (CURRENT PRICES)

| Year | Change in Value of Private Domestic Tangible Assets | Net Capital Formation, Private Domestic Tangible Assets | Capital Gains, Private Domestic Tangible Assets | Change in Value of Net Claims on Governments and Foreigners |
|---|---|---|---|---|
| 1929 | 9.1 | 6.4 | 2.6 | 0.8 |
| 1930 | −23.4 | −1.6 | −21.8 | 1.0 |
| 1931 | −43.9 | −6.0 | −37.9 | 1.2 |
| 1932 | −48.9 | −10.2 | −38.7 | 2.1 |
| 1933 | −7.2 | −8.5 | 1.3 | 2.1 |
| 1934 | 10.8 | −6.2 | 17.0 | 5.8 |
| 1935 | 2.0 | −1.4 | 3.4 | 2.2 |
| 1936 | 10.9 | 2.0 | 8.8 | 2.6 |
| 1937 | 21.7 | 4.7 | 17.0 | 1.7 |
| 1938 | −3.6 | −2.9 | −0.8 | 2.7 |
| 1939 | 0.9 | 1.5 | −0.5 | 3.4 |
| 1940 | 13.7 | 6.0 | 7.7 | 2.1 |
| 1941 | 37.5 | 11.1 | 26.4 | 10.6 |
| 1942 | 32.8 | −3.0 | 35.7 | 39.7 |
| 1943 | 20.3 | −8.1 | 28.4 | 44.9 |
| 1944 | 20.6 | −7.8 | 28.4 | 47.7 |
| 1945 | 16.0 | −3.8 | 19.8 | 36.3 |
| 1946 | 73.2 | 23.2 | 50.0 | 5.3 |
| 1947 | 111.9 | 26.0 | 86.0 | −4.2 |
| 1948 | 81.5 | 34.1 | 47.4 | −4.0 |
| 1949 | 10.9 | 22.3 | −11.4 | 6.5 |
| 1950 | 83.6 | 43.1 | 40.4 | −4.1 |
| 1951 | 103.5 | 39.5 | 64.0 | −0.5 |
| 1952 | 42.9 | 27.2 | 15.7 | 7.8 |
| 1953 | 32.8 | 29.9 | 2.9 | 11.0 |
| 1954 | 28.5 | 25.0 | 3.5 | 10.6 |
| 1955 | 65.1 | 44.7 | 20.4 | 1.2 |
| 1956 | 94.9 | 39.1 | 55.7 | 2.9 |
| 1957 | 83.1 | 31.9 | 51.2 | 7.5 |
| 1958 | 46.6 | 18.0 | 28.6 | 15.4 |
| 1959 | 71.8 | 36.1 | 35.6 | 6.0 |
| 1960 | 61.4 | 33.3 | 28.1 | 6.1 |
| 1961 | 54.4 | 26.2 | 28.2 | 9.9 |
| 1962 | 78.0 | 40.1 | 37.9 | 11.7 |
| 1963 | 81.4 | 44.7 | 36.8 | 7.2 |
| 1964 | 99.3 | 52.0 | 47.3 | 11.2 |
| 1965 | 117.5 | 66.6 | 50.9 | 8.9 |
| 1966 | 141.0 | 76.3 | 64.7 | 12.3 |
| 1967 | 146.9 | 62.5 | 84.5 | 21.1 |
| 1968 | 172.0 | 71.5 | 100.5 | 15.4 |
| 1969 | 196.3 | 77.5 | 118.8 | 5.9 |

TABLE 14—*continued*

| Year | Net Capital Formation, Net Claims on Governments and Rest of World | Capital Gains, Net Claims on Governments and Rest of World | Change in Private National Wealth |
|---|---|---|---|
| 1929 | −0.0 | 0.8 | 9.7 |
| 1930 | 1.2 | −0.2 | −22.4 |
| 1931 | 3.2 | −2.1 | −42.7 |
| 1932 | 2.1 | 0.0 | −46.7 |
| 1933 | 1.7 | 0.4 | −5.0 |
| 1934 | 3.0 | 2.8 | 16.9 |
| 1935 | 2.1 | 0.1 | 4.2 |
| 1936 | 3.4 | −0.8 | 13.3 |
| 1937 | 1.3 | 0.4 | 23.2 |
| 1938 | 4.1 | −1.4 | −0.7 |
| 1939 | 4.4 | −1.0 | 4.3 |
| 1940 | 3.5 | −1.4 | 15.7 |
| 1941 | 6.9 | 3.8 | 47.8 |
| 1942 | 33.8 | 5.9 | 72.0 |
| 1943 | 45.8 | −0.8 | 64.7 |
| 1944 | 54.3 | −6.6 | 68.3 |
| 1945 | 43.0 | −6.7 | 53.0 |
| 1946 | 3.0 | 2.3 | 78.8 |
| 1947 | −1.6 | −2.6 | 107.8 |
| 1948 | −3.3 | −0.7 | 78.2 |
| 1949 | 6.3 | 0.2 | 17.6 |
| 1950 | −9.1 | 5.0 | 79.0 |
| 1951 | −1.6 | 1.1 | 103.0 |
| 1952 | 7.7 | 0.0 | 50.9 |
| 1953 | 8.3 | 2.7 | 43.3 |
| 1954 | 9.3 | 1.4 | 39.5 |
| 1955 | 0.1 | 1.1 | 66.4 |
| 1956 | 0.5 | 2.5 | 97.8 |
| 1957 | 6.2 | 1.3 | 90.9 |
| 1958 | 12.4 | 3.0 | 62.1 |
| 1959 | 1.9 | 4.1 | 77.6 |
| 1960 | 1.8 | 4.3 | 67.7 |
| 1961 | 8.9 | 1.0 | 64.1 |
| 1962 | 8.7 | 3.1 | 89.8 |
| 1963 | 6.4 | 0.9 | 88.8 |
| 1964 | 12.8 | −1.7 | 110.3 |
| 1965 | 7.5 | 1.5 | 126.9 |
| 1966 | 12.5 | −0.3 | 153.4 |
| 1967 | 26.4 | −5.3 | 168.1 |
| 1968 | 17.2 | −1.7 | 188.1 |
| 1969 | 3.9 | 2.0 | 202.6 |

for 1958 are presented in Table 12, along with replacement, depreciation, and revaluation. Annual estimates are presented in Table 13. The annual change in wealth can be represented as net capital formation plus capital gains. Annual estimates of these magnitudes for private domestic tangible assets and for net claims on the government and rest of world sectors are presented in Table 14.

4.2. *Capital Formation*

We divide the components of gross private national capital formation into prices and quantities using the following deflators: The implicit deflators from the U.S. National Income and Product Accounts are used for investment in producer and consumer durables and in farm and nonfarm inventories. For residential and non-residential structures we use the "constant cost 2" price index for structures from the Bureau of Economic Analysis *Capital Stock Study* for both capital formation and replacement.[22] We have constructed price indexes for claims on the government and rest of world sectors from data on changes in the value of claims from period to period and data on the corresponding components of capital formation from the U.S. national accounts. We set the price of claims of each type equal to 1.000 in 1958 and the quantity in 1958 equal to the value of outstanding claims in that year. These price indexes are then used to deflate the government deficit and net foreign investment.

To construct an index of the quantity of gross private national capital formation we first construct a Divisia index of the quantities of investment in producer and consumer durables, residential and nonresidential structures, and the quantity indexes of net foreign investment and government deficits. Real investment in inventories of durable and nondurable goods are added to the Divisia index to obtain the quantity index of gross private national capital formation. The price index of replacement is computed as the ratio of the value of replacement to the Divisia index of replacement. The price and quantity indexes of gross private national capital formation and replacement are presented in Table 15.

4.3. *Accumulation and Revaluation*

The value of gross private national saving is taken from the income and expenditure account. To construct the saving side of the accumulation account in constant prices we begin with gross private national capital formation in constant prices. The capital formation and saving sides of the accumulation account are equal in both current and constant prices. To complete the accumulation and revaluation account in constant prices we must construct accounts for depreciation and revaluation of assets in constant prices.

If the decline in efficiency of capital goods is geometric the change in wealth from period to period for a single capital good may be written:

$$\begin{aligned} W_t - W_{t-1} &= q_{A,t}K_t - q_{A,t-1}K_{t-1}, \\ &= q_{A,t}(K_t - K_{t-1}) + (q_{A,t} - q_{A,t-1})K_{t-1}, \\ &= q_{A,t}A_t - q_{A,t}\delta K_{t-1} + (q_{A,t} - q_{A,t-1})K_{t-1}. \end{aligned}$$

Gross saving is represented by $q_{A,t}A_t$, which is equal to gross capital formation and has the same price and quantity components. Depreciation is represented by $q_{A,t}\,\delta K_{t-1}$ and is equal to replacement; the price and quantity components of depreciation differ from the price and quantity components of replacement.

[22]The Bureau of Economic Analysis *Capital Stock Study* is reported in a series of articles. See Grose, Rottenberg, and Wasson (1969) and the references given there. We are indebted to Robert Wasson for permission to use the underlying data on investment in current and constant prices.

TABLE 15

GROSS PRIVATE NATIONAL CAPITAL FORMATION, 1929–1969
(CONSTANT PRICES OF 1958)

| Year | Gross Private National Capital Formation, Price Index | Gross Private National Capital Formation, Quantity Index | Replacement, Price Index | Replacement, Quantity Index |
|---|---|---|---|---|
| 1929 | 0.474 | 53.6 | 0.463 | 41.3 |
| 1930 | 0.473 | 39.3 | 0.449 | 42.3 |
| 1931 | 0.471 | 30.5 | 0.411 | 41.8 |
| 1932 | 0.441 | 15.2 | 0.365 | 40.2 |
| 1933 | 0.423 | 15.5 | 0.352 | 37.7 |
| 1934 | 0.483 | 21.8 | 0.379 | 35.5 |
| 1935 | 0.429 | 31.8 | 0.379 | 34.1 |
| 1936 | 0.436 | 41.8 | 0.381 | 33.8 |
| 1937 | 0.434 | 46.1 | 0.408 | 34.6 |
| 1938 | 0.490 | 33.2 | 0.416 | 35.7 |
| 1939 | 0.467 | 43.4 | 0.410 | 35.3 |
| 1940 | 0.460 | 53.2 | 0.418 | 35.8 |
| 1941 | 0.510 | 67.5 | 0.453 | 37.2 |
| 1942 | 0.765 | 66.1 | 0.516 | 39.2 |
| 1943 | 0.848 | 68.5 | 0.551 | 38.0 |
| 1944 | 0.861 | 79.1 | 0.595 | 36.4 |
| 1945 | 0.822 | 75.0 | 0.617 | 35.2 |
| 1946 | 0.661 | 74.6 | 0.655 | 35.0 |
| 1947 | 0.728 | 72.5 | 0.741 | 38.3 |
| 1948 | 0.798 | 82.0 | 0.792 | 42.9 |
| 1949 | 0.809 | 82.4 | 0.799 | 47.4 |
| 1950 | 0.803 | 94.1 | 0.817 | 51.2 |
| 1951 | 0.885 | 98.8 | 0.880 | 56.3 |
| 1952 | 0.906 | 98.3 | 0.898 | 59.9 |
| 1953 | 0.903 | 104.2 | 0.901 | 62.7 |
| 1954 | 0.906 | 103.6 | 0.895 | 66.2 |
| 1955 | 0.904 | 118.4 | 0.901 | 69.2 |
| 1956 | 0.949 | 115.3 | 0.945 | 73.9 |
| 1957 | 0.989 | 116.2 | 0.986 | 77.6 |
| 1958 | 1.000 | 111.2 | 1.000 | 80.8 |
| 1959 | 1.017 | 119.5 | 1.017 | 82.2 |
| 1960 | 1.020 | 119.5 | 1.018 | 85.2 |
| 1961 | 1.018 | 122.4 | 1.017 | 88.2 |
| 1962 | 1.027 | 137.5 | 1.023 | 90.3 |
| 1963 | 1.030 | 143.2 | 1.026 | 93.8 |
| 1964 | 1.040 | 159.8 | 1.035 | 98.1 |
| 1965 | 1.048 | 173.6 | 1.040 | 103.4 |
| 1966 | 1.059 | 193.4 | 1.051 | 110.2 |
| 1967 | 1.081 | 199.9 | 1.080 | 117.7 |
| 1968 | 1.117 | 204.0 | 1.116 | 124.2 |
| 1969 | 1.164 | 200.9 | 1.155 | 131.6 |

We construct the quantity index of depreciation as a Divisia index of the quantities of lagged capital stocks with depreciation shares as weights. The quantity index of replacement is a Divisia index of the quantities of replacement with replacement shares as weights. Under geometric decline in efficiency the weights

are the same for replacement and depreciation, so that the quantity indexes for depreciation and replacement are proportional. The price index of depreciation is computed as the ratio of depreciation to the quantity index of depreciation.

Revaluation is represented by $(q_{A,t} - q_{A,t-1})K_{t-1}$. We construct a quantity index of revaluation as a Divisia index of the various lagged capital stocks with

TABLE 16

GROSS PRIVATE NATIONAL SAVING, DEPRECIATION, AND REVALUATION, 1929–1969
(CONSTANT PRICES OF 1958)

| Year | Gross Private National Saving, Price Index | Gross Private National Saving, Quantity Index | Depreciation, Price Index | Depreciation, Quantity Index | Revaluation, Price Index | Revaluation, Quantity Index |
|---|---|---|---|---|---|---|
| 1929 | 0.474 | 53.6 | 0.046 | 418.3 | 0.003 | 1200·3 |
| 1930 | 0.473 | 39.3 | 0.044 | 428.3 | −0.018 | 1214.8 |
| 1931 | 0.471 | 30.5 | 0.041 | 422.8 | −0.033 | 1212.2 |
| 1932 | 0.441 | 15.2 | 0.036 | 407.1 | −0.032 | 1200.5 |
| 1933 | 0.423 | 15.5 | 0.035 | 381.3 | 0.001 | 1293.4 |
| 1934 | 0.483 | 21.8 | 0.037 | 359.2 | 0.015 | 1361.8 |
| 1935 | 0.429 | 31.8 | 0.037 | 345.4 | 0.003 | 1298.2 |
| 1936 | 0.436 | 41.8 | 0.038 | 342.1 | 0.006 | 1301.3 |
| 1937 | 0.434 | 46.1 | 0.040 | 350.3 | 0.013 | 1299.7 |
| 1938 | 0.490 | 33.2 | 0.041 | 361.3 | −0.002 | 1384.7 |
| 1939 | 0.467 | 43.4 | 0.041 | 357.6 | −0.001 | 1445.9 |
| 1940 | 0.460 | 53.2 | 0.041 | 362.6 | 0.004 | 1491.5 |
| 1941 | 0.510 | 67.5 | 0.045 | 376.3 | 0.020 | 1514.1 |
| 1942 | 0.765 | 66.1 | 0.051 | 396.8 | 0.026 | 1581.3 |
| 1943 | 0.848 | 68.5 | 0.054 | 384.6 | 0.017 | 1598.6 |
| 1944 | 0.861 | 79.1 | 0.059 | 368.4 | 0.015 | 1470.6 |
| 1945 | 0.822 | 75.0 | 0.061 | 355.7 | 0.010 | 1260.3 |
| 1946 | 0.661 | 74.6 | 0.065 | 354.4 | 0.044 | 1188.0 |
| 1947 | 0.728 | 72.5 | 0.073 | 387.8 | 0.067 | 1235.3 |
| 1948 | 0.798 | 82.0 | 0.078 | 433.9 | 0.036 | 1287.3 |
| 1949 | 0.809 | 82.4 | 0.079 | 479.4 | −0.008 | 1317.4 |
| 1950 | 0.803 | 94.1 | 0.081 | 518.1 | 0.035 | 1314.2 |
| 1951 | 0.885 | 98.8 | 0.087 | 570.0 | 0.048 | 1367.2 |
| 1952 | 0.906 | 98.3 | 0.089 | 606.5 | 0.011 | 1411.0 |
| 1953 | 0.903 | 104.2 | 0.089 | 634.2 | 0.004 | 1456.7 |
| 1954 | 0.906 | 103.6 | 0.088 | 670.0 | 0.003 | 1469.6 |
| 1955 | 0.904 | 118.4 | 0.089 | 699.7 | 0.015 | 1446.6 |
| 1956 | 0.949 | 115.3 | 0.093 | 747.6 | 0.039 | 1489.3 |
| 1957 | 0.989 | 116.2 | 0.097 | 785.1 | 0.034 | 1534.5 |
| 1958 | 1.000 | 111.2 | 0.099 | 817.7 | 0.020 | 1564.2 |
| 1959 | 1.017 | 119.5 | 0.101 | 832.1 | 0.025 | 1581.2 |
| 1960 | 1.020 | 119.5 | 0.101 | 862.1 | 0.020 | 1599.1 |
| 1961 | 1.018 | 122.4 | 0.101 | 892.3 | 0.018 | 1603.7 |
| 1962 | 1.027 | 137.5 | 0.101 | 913.9 | 0.025 | 1613.3 |
| 1963 | 1.030 | 143.2 | 0.101 | 949.4 | 0.023 | 1627.5 |
| 1964 | 1.040 | 159.8 | 0.102 | 992.2 | 0.028 | 1641.8 |
| 1965 | 1.048 | 173.6 | 0.103 | 1045.7 | 0.032 | 1659.1 |
| 1966 | 1.059 | 193.4 | 0.104 | 1114.7 | 0.038 | 1684.7 |
| 1967 | 1.081 | 199.9 | 0.107 | 1190.9 | 0.046 | 1721.1 |
| 1968 | 1.117 | 204.0 | 0.110 | 1256.4 | 0.056 | 1751.6 |
| 1969 | 1.164 | 200.9 | 0.114 | 1331.9 | 0.067 | 1791.3 |

revaluation shares as weights. The price index of revaluation is computed as the ratio of revaluation to the quantity index of revaluation. Price and quantity index numbers of gross private national saving, depreciation, and revaluation are presented in Table 16.

### 4.4 *Standard of Living*

At this point we can consolidate the receipt and expenditure account with the accumulation account to obtain a consolidated receipt and expenditure account. In the consolidated account consumer receipts are equal to the sum of consumer outlays and gross capital formation. Price and quantity index numbers for factor income can be constructed by combining Divisia index numbers of labor and property income into a Divisia index of factor income. The weights for labor and property are the relative shares of labor and property compensation in the value of total factor income. We use the price index of factor income to deflate government transfer payments to persons other than social insurance benefits. Adding deflated transfer payments to the quantity index of factor income provides an index of total real consumer receipts. The construction of an index of total real consumer receipts is analogous to the construction of an index of total factor input in the production account; the scope of transactions covered by the two indexes is different and consumer receipts are net of both direct and indirect taxes in the consolidated consumer receipts and expenditures account.

Price and quantity index numbers for total expenditures can be constructed by combining Divisia index numbers of consumer outlays and capital formation into a Divisia index of total expenditures. The weights for consumer outlays and capital formation are the relative shares of these components of expenditure in the value of total expenditure. The price and quantity indexes of expenditures are analogous to indexes for total product in the production account; the scope of transactions is different and expenditures includes sales and excise taxes, while the value of total product excludes such taxes.

The standard of living may be defined as the ratio of real expenditures to real receipts or, equivalently, the ratio of the price of factor income to the price of expenditures. A Divisia index of the standard of living may be defined as the ratio of Divisia indexes of the quantity of expenditures to the quantity of consumer receipts or, equivalently, the ratio of Divisia indexes of the price of factor income to the price of consumer expenditures. Divisia price and quantity indexes of consumer receipts and total expenditures and the standard of living for the U.S. private national economy are given in Table 17 for 1929–1969.

## 5. Private National Wealth

### 5.1 *Introduction*

We now describe accounts for the wealth of private households and institutions and its distribution as claims against the producing sector and the foreign sector and the government sectors. The tangible assets of private households and institutions are included among the assets of the producing sector. Total claims against the producing sector by private households and institutions are equal

TABLE 17

GROSS PRIVATE NATIONAL EXPENDITURES, RECEIPTS, AND STANDARD OF LIVING, 1929–1969 (CONSTANT PRICES OF 1958)

| Year | Gross Private National Expenditures, Price Index | Gross Private National Expenditures, Quantity Index | Gross Private National Consumer Receipts, Price Index | Gross Private National Consumer Receipts, Quantity Index | Standard of Living Index |
|---|---|---|---|---|---|
| 1929 | 0.531 | 194.8 | 0.346 | 298.8 | 0.652 |
| 1930 | 0.516 | 176.3 | 0.303 | 300.4 | 0.587 |
| 1931 | 0.479 | 164.3 | 0.259 | 304.3 | 0.540 |
| 1932 | 0.416 | 138.1 | 0.193 | 297.1 | 0.465 |
| 1933 | 0.416 | 135.8 | 0.191 | 296.7 | 0.458 |
| 1934 | 0.444 | 146.5 | 0.230 | 283.6 | 0.517 |
| 1935 | 0.443 | 159.6 | 0.245 | 288.8 | 0.553 |
| 1936 | 0.453 | 180.4 | 0.271 | 301.9 | 0.598 |
| 1937 | 0.461 | 189.2 | 0.289 | 301.7 | 0.627 |
| 1938 | 0.464 | 177.4 | 0.273 | 301.8 | 0.588 |
| 1939 | 0.459 | 192.9 | 0.290 | 305.6 | 0.631 |
| 1940 | 0.459 | 208.5 | 0.310 | 308.6 | 0.676 |
| 1941 | 0.493 | 230.9 | 0.356 | 319.7 | 0.722 |
| 1942 | 0.594 | 233.0 | 0.413 | 335.1 | 0.695 |
| 1943 | 0.672 | 241.0 | 0.451 | 358.8 | 0.672 |
| 1944 | 0.695 | 259.9 | 0.498 | 363.0 | 0.716 |
| 1945 | 0.704 | 263.9 | 0.529 | 351.1 | 0.752 |
| 1946 | 0.710 | 272.3 | 0.582 | 332.5 | 0.819 |
| 1947 | 0.782 | 272.0 | 0.632 | 336.6 | 0.808 |
| 1948 | 0.827 | 287.7 | 0.693 | 343.5 | 0.837 |
| 1949 | 0.801 | 293.1 | 0.674 | 348.4 | 0.841 |
| 1950 | 0.832 | 314.6 | 0.735 | 355.6 | 0.885 |
| 1951 | 0.862 | 328.3 | 0.783 | 369.9 | 0.887 |
| 1952 | 0.908 | 337.1 | 0.808 | 378.9 | 0.890 |
| 1953 | 0.919 | 352.0 | 0.846 | 382.6 | 0.920 |
| 1954 | 0.924 | 358.2 | 0.861 | 384.3 | 0.932 |
| 1955 | 0.938 | 385.8 | 0.920 | 393.3 | 0.981 |
| 1956 | 0.955 | 395.6 | 0.937 | 402.9 | 0.982 |
| 1957 | 0.978 | 405.0 | 0.977 | 405.7 | 0.998 |
| 1958 | 1.000 | 407.7 | 1.000 | 407.7 | 1.000 |
| 1959 | 1.027 | 428.6 | 1.063 | 414.2 | 1.035 |
| 1960 | 1.043 | 438.0 | 1.081 | 422.5 | 1.037 |
| 1961 | 1.047 | 450.0 | 1.101 | 427.6 | 1.052 |
| 1962 | 1.059 | 477.3 | 1.166 | 433.5 | 1.101 |
| 1963 | 1.074 | 496.0 | 1.205 | 441.9 | 1.123 |
| 1964 | 1.088 | 530.9 | 1.277 | 452.2 | 1.174 |
| 1965 | 1.101 | 564.3 | 1.329 | 467.2 | 1.208 |
| 1966 | 1.128 | 603.9 | 1.404 | 485.4 | 1.244 |
| 1967 | 1.150 | 627.7 | 1.432 | 504.1 | 1.245 |
| 1968 | 1.186 | 650.7 | 1.483 | 520.2 | 1.251 |
| 1969 | 1.240 | 665.9 | 1.534 | 538.2 | 1.237 |

to the value of the tangible assets of the producing sector plus net claims against foreign and government sectors by the producing sector. The remainder of private wealth consists of claims against the foreign and government sectors by private households and institutions. Total wealth is the sum of private domestic tangible

assets and net claims against the foreigners and government sectors. Private national wealth is the value of private domestic tangible assets plus net claims on foreigners and governments including claims held by the producing sector and claims held directly by private households and institutions. The value of private domestic tangible assets is simply the stock of all such assets, evaluated at current prices.

5.2. *Wealth in Current Prices*

Our measurement of net claims on foreigners and governments is based on the flow of funds accounts of the Board of Governors of the Federal Reserve System,[23] *Studies in the National Balance Sheet of the United States* and *The National Wealth of the United States in the Postwar Period* by Raymond Goldsmith.[24] We distinguish between monetary and non-monetary claims on the federal government by the private sector. Monetary claims include vault cash of commercial banks, member bank reserves, and currency outside banks.[25] Non-monetary claims on the federal government include U.S. government total

TABLE 18

PRIVATE NATIONAL WEALTH, 1958 (CURRENT PRICES)

| | | | | |
|---|---|---|---|---|
| 1. | Private domestic tangible assets[a] | | | 1300.1 |
| 2. | + Net claims on the federal, state, and local governments | | | 280.9 |
| | a. Federal, monetary | | 50.6 | |
| | (i) + Vault cash of commercial banks[b] | 3.2 | | |
| | (ii) + Member bank reserves[b] | 18.5 | | |
| | (iii) + Currency outside banks[b] | 28.9 | | |
| | b. Federal, non-monetary | | 195.2 | |
| | (i) U.S. government total liabilities[b] | 256.4 | | |
| | (ii) − U.S. government financial assets[b] | 50.0 | | |
| | (iii) + Net liabilities, federally-sponsored credit agencies[b] | 0.5 | | |
| | (iv) + Assets of included social insurance funds[c] | 30.4 | | |
| | (v) − U.S. government liabilities to rest of world[d] | 8.8 | | |
| | (vi) + U.S. government credits and claims abroad[d] | 18.3 | | |
| | (vii) − Monetary liabilities[b] | 50.6 | | |
| | c. State and local | | 35.1 | |
| | (i) State and local government total liabilities[b] | 62.6 | | |
| | (ii) − State and local government financial assets[b] | 27.7 | | |
| | (iii) + Assets of cash sickness compensation fund (our imputation) | 0.2 | | |
| 3. | + Net claims on the rest of world | | | 13.8 |
| | a. Private U.S. assets and investments abroad[d] | | 41.1 | |
| | b. − Private U.S. liabilities to foreigners[d] | | 27.3 | |
| 4. | = Private national wealth | | | 1594.7 |

[a] Christensen and Jorgenson (1969; see pp. 294–301 for a discussion).
[b] Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, August 1972.
[c] U.S. Department of the Treasury, *Treasury Bulletin*, February issues.
[d] From *Survey of Current Business*, October issues, "The International Investment Position of the United States."

[23] All references to data from the United States flow of funds accounts are to Board of Governors of the Federal Reserve System, *Flow of Funds Accounts*, 1945–1971 (1972) hence-forward *FFA* (1972), and subsequent issues of the *Federal Reserve Bulletin*, unless otherwise indicated.
[24] Goldsmith (1962, 1963).
[25] *FFA* (1972), p. 58.

TABLE 19

PRIVATE NATIONAL WEALTH, 1929–1969 (CURRENT PRICES)

| Year | Corporate Tangible Assets | Non-Corporate Tangible Assets | Household and Institutional Tangible Assets | Net Claims on Governments and Rest of World | Private National Wealth |
|---|---|---|---|---|---|
| 1929 | 116.7 | 106.7 | 158.1 | 33.0 | 414.6 |
| 1930 | 110.3 | 97.9 | 150.0 | 34.0 | 392.2 |
| 1931 | 97.7 | 85.1 | 131.5 | 35.2 | 349.5 |
| 1932 | 84.1 | 73.3 | 108.1 | 37.3 | 302.7 |
| 1933 | 80.4 | 73.4 | 104.4 | 39.4 | 297.6 |
| 1934 | 83.1 | 76.3 | 109.5 | 45.2 | 314.2 |
| 1935 | 83.7 | 79.4 | 107.9 | 47.4 | 318.3 |
| 1936 | 86.6 | 82.7 | 112.5 | 50.0 | 331.8 |
| 1937 | 95.0 | 88.1 | 120.5 | 51.7 | 355.2 |
| 1938 | 92.2 | 85.6 | 122.2 | 54.4 | 354.3 |
| 1939 | 91.9 | 85.3 | 123.6 | 57.8 | 358.6 |
| 1940 | 96.6 | 88.7 | 129.2 | 59.9 | 374.4 |
| 1941 | 109.7 | 98.6 | 143.7 | 70.5 | 422.5 |
| 1942 | 121.1 | 108.6 | 155.1 | 110.3 | 495.0 |
| 1943 | 126.4 | 115.1 | 163.6 | 155.2 | 560.2 |
| 1944 | 130.4 | 121.2 | 173.9 | 202.9 | 628.5 |
| 1945 | 133.1 | 127.2 | 181.2 | 239.2 | 680.8 |
| 1946 | 159.6 | 148.5 | 206.7 | 244.5 | 759.3 |
| 1947 | 199.1 | 175.0 | 252.6 | 240.3 | 867.0 |
| 1948 | 224.2 | 192.2 | 291.8 | 236.3 | 944.5 |
| 1949 | 226.6 | 190.4 | 302.1 | 242.8 | 962.0 |
| 1950 | 248.2 | 212.7 | 341.8 | 238.7 | 1041.4 |
| 1951 | 286.9 | 234.4 | 384.9 | 238.2 | 1144.5 |
| 1952 | 303.0 | 237.5 | 408.7 | 246.0 | 1195.1 |
| 1953 | 315.5 | 238.6 | 427.8 | 257.0 | 1238.9 |
| 1954 | 323.1 | 244.4 | 442.9 | 267.6 | 1278.0 |
| 1955 | 344.3 | 253.5 | 477.6 | 268.8 | 1344.2 |
| 1956 | 381.8 | 269.7 | 518.8 | 271.7 | 1442.0 |
| 1957 | 411.9 | 287.8 | 553.8 | 279.2 | 1532.7 |
| 1958 | 422.2 | 303.9 | 574.0 | 294.7 | 1594.7 |
| 1959 | 443.7 | 315.4 | 612.8 | 300.7 | 1672.5 |
| 1960 | 461.9 | 330.6 | 640.7 | 306.8 | 1740.1 |
| 1961 | 476.6 | 347.3 | 663.8 | 316.7 | 1804.4 |
| 1962 | 500.1 | 367.0 | 698.6 | 328.5 | 1894.1 |
| 1963 | 524.4 | 384.7 | 737.9 | 335.7 | 1982.8 |
| 1964 | 556.4 | 404.8 | 785.1 | 346.9 | 2093.3 |
| 1965 | 598.9 | 433.9 | 831.1 | 355.8 | 2219.7 |
| 1966 | 660.0 | 464.2 | 880.6 | 368.1 | 2372.9 |
| 1967 | 714.8 | 494.0 | 943.0 | 389.2 | 2540.9 |
| 1968 | 771.4 | 529.5 | 1022.9 | 404.6 | 2728.4 |
| 1969 | 839.8 | 570.8 | 1109.5 | 410.5 | 2930.6 |

liabilities, less U.S. government financial assets, net liabilities of federally sponsored credit agencies,[26] financial assets of included social insurance funds,[27] less

[26] *FFA* (1972), p. 56.

[27] The flow of funds of accounts include some social insurance funds in the government sector; the rest are treated as part of the private sector. We include all social insurance funds in the private sector; for this purpose we include the assets of all social insurance funds among claims on the government by the private sector. We include the assets of the OASI, disability, medical trust funds, and the unemployment trust funds; we use the December figure from the *Treasury Bulletin*.